



Commercial Sales Practices Format--Services

Name of Offeror: **Terminix International Company LP**

SIN(s): **371-003, Pest Control**

Note: Please refer to clause 552.212-70, PREPARATION OF OFFER (MULTIPLE AWARD SCHEDULE), for additional information concerning your offer. Provide the following information for each SIN (or group of SINs or SubSIN for which information is the same).

- (1) Provide the dollar value of sales to the general public/state or local government at or based on market prices, cost build up or an established catalog or market price during the previous 12-month period or the offerors last fiscal year: **\$893,000,000**. State beginning and ending of the 12-month period. Beginning **January 1, 2001** Ending **December 31, 2001**. In the event that a dollar value is not an appropriate measure of the sales, provide and describe your own measure of the sales of the item(s). In the event sales are made only to state or local governments, identify such sales accordingly.
- (2) Show your total projected annual sales to the Government under this contract for the contract term, excluding options, for each SIN offered. If you currently hold a Federal Supply Schedule contract for the SIN the total projected annual sales should be based on your most recent 12 months of sales under that contract.

SIN 371-003, Pest Control

\$1,000,000

- (3) Based on your written discounting policies (standard commercial sales practices in the event you do not have written discounting policies), are the prices (discounts, concessions, terms and conditions in any combination) which you offer the Government equal to or better than that offered to any customer acquiring the same items regardless of quantity or terms and conditions? YES ____ NO: **X**. (See definition of "concession" and "discount" in 552.212-70.)
- (4) (a) Based on your written pricing policies (standard commercial sales practices in the event you do not have written pricing policies), provide information as requested for each SIN (or group of SINs for which the information is the same). The information should be provided in the chart below or in an equivalent format developed by the offeror. Rows should be added to accommodate as many customers as required.

Column 1 – Customer	Column 2 –Price* (*Disclosures should be made on a separate sheet)	Column 3 – Quantity/Volume	Column 4 – Discounts, Concessions, Terms and Conditions
Commercial Customers (see Notes 2 and 3 attached)	Small, branch-based, mid-sized regional, and large national accounts (see Notes 3, 4, 5 and supplemental materials attached)	Mid-sized regional and large national accounts (see Notes 3 and 6 attached)	None

(b) Identify prices offered to GSA in response to this solicitation for services using the table below:

Column 5 – Price Offered to GSA	Column 6 – Unit of Issue (e.g., per hour, per day)	Column 7 – Quantity/Volume	Column 8 – Discount, Concessions, Terms and Conditions Offered to GSA
See proposed GSA Schedule Price List	Per square foot (pest control) Per hour (termite inspection) See proposed GSA Schedule Price List for additional details	Mid-sized regional and large national accounts (see Notes 3 and 6 attached)	None

- (c) Do any deviations from your written policies or standard commercial sales practices disclosed in the chart in paragraph 4(a) ever result in better prices than indicated? YES ____ NO ☒ X. If YES, explain deviations in accordance with the instructions at Figure 515.4-2, which is provided in this solicitation for your convenience.

Figure 515.4-2—Instructions for Commercial Sales Practices Format

If you responded “YES” to question (3), on the COMMERCIAL SALES PRACTICES FORMAT, complete the chart in question (4)(a) for the customer(s) who receive your best price. If you responded “NO” complete the chart in question (4)(a) showing your written policies or standard sales practices for all customers or customer categories to whom you sell at a price that is equal to or better than the price(s) offered to the Government under this solicitation or with which the Offeror has a current agreement to sell at a price which equals or exceeds the price(s) offered under this solicitation. Such agreement shall be in effect on the date the offer is submitted or contain an effective date during the proposed multiple award schedule contract period. If your offer is lower than your price to other customers or customer categories, you will be aligned with the customer or category of customer that receives your best price for purposes of the Price Reduction clause at 552.238-75. The Government expects you to provide information required by the format in accordance with these instructions that is, to the best of your knowledge and belief, current, accurate, and complete as of 14 calendar days prior to its submission. You must also disclose any changes in your price list(s), discounts, prices and/or policies that occur after the offer is submitted, but before the close of negotiations. If your pricing practices vary, the variations should be explained clearly to include a description of the circumstance, frequency, and selling terms and conditions. You may limit the information reported to those services that exceed 75% of actual historical Government sales (commercial sales may be substituted if Government sales are unavailable) value of the special item number (SIN).

Column 1—Identify the applicable customer or category of customer. A “customer” is any entity which acquires supplies or services from the Offeror. The term customer includes, but is not limited to state and local governments, educational institutions (an elementary, junior high, or degree granting school which maintains a regular faculty and established curriculum and an organized body of students), national accounts, and end users. In any instance where the Offeror is asked to disclose information for a customer, the Offeror may disclose information by category of customer if the offeror’s pricing policies or practices are the same for all customers in the category. (Use a separate line for each customer or category of customer.)

Column 2—Identify the price. Indicate the best price (based on your written pricing policies or standard commercial pricing practices if you do not have written pricing policies) at which you sell to the customer or category of customer identified in column 1, without regard to quantity; terms and conditions of the agreements; and whether the agreements

are written or oral. If the price is a combination of various discounts (prompt payment, quantity, etc.), each type of discount should be fully identified and explained. If the price lists that are the basis of the discounts given to the customers identified in the chart are different than the price list submitted upon which your offer is based, identify the type or title and date of each price list. The contracting officer may require submission of these price lists. To expedite evaluation, offerors may provide these price lists at the time of submission. If market prices are used, provide documentation to substantiate pricing (e.g., agreements with corporate customers, internal policies, market prices, quote sheets, pricing agreements and invoices, etc.) and identify the effective period, pricing and any other terms and conditions clearly. If prices are based on cost, provide information other than certified cost or pricing data to show how the offeror arrived at the proposed price. A price certification is not required. If rates are audited by a Federal Agency, include this information in the narrative. Disclosures should be made on a separate sheet.

Column 3—Identify the quantity or volume of sales. Insert the minimum quantity or sales volume which the identified customer or category of customer must either purchase/order, per order or within a specified period for the best price. When purchases/orders must be placed within a specified period to get the best price, indicate the time period.

Column 4—Indicate concessions regardless of quantity granted to the identified customer or category of customer. Concessions are defined in solicitation clause 552.212-70, Preparation of Offers (Multiple Award Schedule). If the space provided is inadequate, the disclosure should be made on a separate sheet by reference.

If you respond "YES" to question 4 (b) in the Commercial Sales Practices Format, provide an explanation of the circumstances under which you deviate from your written policies or standard commercial sales practices disclosed in the chart on the Commercial Sales Practices Format and explain how often they occur. Your explanation should include a discussion of situations that lead to deviations from standard practice, an explanation of how often they occur, and the controls you employ to assure the integrity of your pricing.

If deviations from your written policies or standard commercial sales practices disclosed in the chart on the Commercial Sales Practices Format are so significant and/or frequent that the Contracting Officer cannot establish whether the price(s) offered is fair and reasonable, then you may be asked to provide additional information. The Contracting Officer may ask for information to demonstrate that you have made substantial sales of the item(s) in the commercial market consistent with the information reflected on the chart on the Commercial Sales Practice Format, a description of the conditions surrounding those sales deviations, or other information that may be necessary in order for the Contracting Officer to determine whether your offered price(s) is fair and reasonable. In cases where additional information is requested, the Contracting Officer will target the request in order to limit the submission of data to that needed to establish the reasonableness of the offered price.

DESCRIPTION OF COMMERCIAL SALES PRACTICES

1. **Summary Business Description.** With over 600 local branches in every major metropolitan area across the country, Terminix is the largest, most comprehensive provider of termite and pest control services in the country.
2. **Customers Generally.** Terminix sells its services to homeowners, commercial businesses, and federal, state and local governments. Terminix differentiates its overall pricing to these customers, based on the size, scope, and quantity of services provided.
3. **Customer Categories.** Based on the specific circumstances of a customer's property or properties, Terminix commercial customers generally fall into one of the following three categories: (a) small, branch-based accounts; (b) mid-sized, regional accounts; and (c) large, national accounts.

Small, branch-based accounts, generally defined, are accounts where both pest control services and customer service are provided by a single Terminix branch.

Mid-sized, regional accounts, generally defined, are those serviced by more than one Terminix branch within a given region of the country. Terminix International's national accounts department oversees coordination of both the actual pest control services and related customer service functions rendered.

Large, national accounts, generally defined, are those that, like regional accounts, are serviced by more than one Terminix branch. However, unlike regional accounts, their service needs extend across multiple regions of the country. Again, Terminix International's national accounts department coordinates both the actual pest control services and related customer service functions rendered all such accounts.

4. **Commercial Pricing.** Terminix maintains a commercial price list at the branch level for each of the services it provides its customers. Generally, the branch is responsible for pricing services, using an hourly rate. These rates are established for each specific area. Local rates vary from \$70 to \$90 per hour. Terminix commercial pricing is fairly reflected by the application of the cost factors affecting its commercial price (see paragraph 5 below) that universally apply to projects nationwide.
5. **Factors Affecting Commercial Price.** Terminix International's commercial pricing is typically influenced by the following five factors:

First, Terminix International's commercial pricing may be affected by prevailing wage rates in the region in which the branch office or customer site is located. These wage rates vary from region to region. They are generally higher in Terminix branches located in the south and Midwest but will always be lower than the base wage rates required under the Service Control Act applicable to the solicitation.

Second, Terminix International's commercial pricing may be affected by what is referred to as "pest pressure" – that is, an area surrounding a facility, such as an open field adjacent to a warehousing facility. At certain times of the year, usually in the spring or fall, there can be an influx of pests from the open field. Also, ditches or overgrown areas adjacent to the facility can be a harborage for pests and rodents.

Third, Terminix International's commercial pricing may be affected by the structure and sanitation practices of the facility. For example, if exterior doors, windows, or walls need to be repaired, rodent or insect prevention can be made very difficult, at best. Sanitation practices, too, can be a significant factor in determining the effectiveness of a pest control program, especially in places where food is present.

Fourth, Terminix International's commercial pricing may be affected by the climate in which the facility is located. For instance, it is generally more difficult to eliminate pests in the South than it is in the North. Generally speaking, warm, moist areas present more obstacles to eliminating pests than cold, dry climates do.

Fifth, Terminix International's commercial pricing is affected by the dollar volume of the project or account. The larger the dollar volume, the greater the efficiencies Terminix is likely to realize, enabling it to reduce its costs and pass these savings – in the form of lower prices – along to its customers.

6. **Volume/Quantity Discounts.** Terminix International's volume discounts are applied to customers with multiple locations throughout its service areas. Terminix discounts its services when economies of scale are realized – that is, when it is able to capture a significant portion of the business from a given customer.
 7. **Concessions.** Terminix generally does not offer its customers concessions, as defined in the solicitation.
- 